

## REVISED MUNICIPAL FINANCE ACT (EXCERPT)

### Act 34 of 2001

#### PART I DEFINITIONS

##### **141.2101 Short title.**

Sec. 101. This act shall be known and may be cited as the “revised municipal finance act”.

**History:** 2001, Act 34, Eff. Mar. 1, 2002.

##### **141.2103 Definitions.**

Sec. 103. As used in this act:

(a) “Assessed value”, “assessed valuation”, “valuation as assessed”, and “valuation as shown by the last preceding tax assessment roll”, or similar terms, used in this act, any statute, or charter as a basis for computing limitations upon the taxing or borrowing power of any municipality, mean the state equalized valuation as determined under the general property tax act, 1893 PA 206, MCL 211.1 to 211.157.

(b) “Chief administrative officer” means that term as defined in section 2b of the uniform budgeting and accounting act, 1968 PA 2, MCL 141.422b.

(c) “Debt” means all borrowed money, loans, and other indebtedness, including principal and interest, evidenced by bonds, obligations, refunding obligations, notes, contracts, securities, refunding securities, municipal securities, or certificates of indebtedness that are lawfully issued or assumed, in whole or in part, by a municipality, or will be evidenced by a judgment or decree against the municipality.

(d) “Debt retirement fund” means a segregated account or group of accounts used to account for the payment of, interest on, or principal and interest on a municipal security.

(e) “Deficit” means a situation for any fund of a municipality in which, at the end of a fiscal year, total expenditures, including an accrued deficit, exceeded total revenues for the fiscal year, including any surplus carried forward.

(f) “Department” means the department of treasury.

(g) “Fiscal year” means a 12-month period fixed by statute, charter, or ordinance, or if not so fixed, then as determined by the department.

(h) “Governing body” means the county board of commissioners of a county; the township board of a township; the council, common council, or commission of a city; the council, commission, or board of trustees of a village; the board of education or district board of a school district; the board of an intermediate school district; the board of trustees of a community college district; the county drain commissioner or drainage board of a drainage district; the board of the district library; the legislative body of a metropolitan district; the port commission of a port district; and, in the case of another governmental authority or agency, that official or official body having general governing powers over the authority or agency.

(i) “Municipal security” means a security that when issued was not exempt from this act or the municipal finance act, 1943 PA 202, MCL 131.1 to 139.3, by the provisions of this act or by the provisions of the municipal finance act, 1943 PA 202, MCL 131.1 to 139.3, or by the provisions of the law authorizing its issuance and that is payable from or secured by any of the following:

(i) Ad valorem real and personal property taxes.

(ii) Special assessments.

(iii) The limited or unlimited full faith and credit pledge of the municipality.

(iv) Other sources of revenue described in this act for debt or securities authorized by this act.

(j) “Municipality” means a county, township, city, village, school district, intermediate school district, community college district, metropolitan district, port district, drainage district, district library, or another governmental authority or agency in this state that has the power to issue a security. Municipality does not include this state or any authority, agency, fund, commission, board, or department of this state.

(k) “Outstanding security” means a security that has been issued, but not defeased or repaid, including a security that when issued was exempt from this act or the municipal finance act, 1943 PA 202, MCL 131.1 to 139.3, by the provisions of this act or by the provisions of the municipal finance act, 1943 PA 202, MCL 131.1 to 139.3, or by the provisions of the law authorizing its issuance.

(l) “Qualified status” means a municipality that has filed a qualifying statement under section 303 and has been determined by the department to be qualified to issue municipal securities without further approval by the department.

(m) “Refunding security” means a municipal security issued to refund an outstanding security.

(n) “Security” means an evidence of debt such as a bond, note, contract, obligation, refunding obligation,

certificate of indebtedness, or other similar instrument issued by a municipality, which pledges payment of the debt by the municipality from an identified source of revenue.

(o) "Sinking fund" means a fund for the payment of principal only of a mandatory redemption security.

(p) "Taxable value" means the taxable value of the property as determined under section 27a of the general property tax act, 1893 PA 206, MCL 211.27a.

**History:** 2001, Act 34, Eff. Mar. 1, 2002.

#### **141.2105 Municipal security; limitations.**

Sec. 105. A municipal security does not include any of the following:

(a) A contract for the purchase of real or personal property.

(b) A contract for the lease of real or personal property with or without an option to purchase.

(c) A contract, lease, note, or other security given in connection with a contract described in subdivision (a) or (b).

(d) A security that is evidence of an emergency loan under section 1 of 1855 PA 105, MCL 21.141, in conjunction with the emergency municipal loan act, 1980 PA 243, MCL 141.931 to 141.942, or qualified agricultural loans under section 2a of 1855 PA 105, MCL 21.142a.

(e) A mortgage secured by real property and its corresponding security to the extent secured by the mortgage.

(f) A contract between 1 or more municipalities under whose terms 1 or more municipalities pledge their revenues or full faith and credit to secure payment of a proposed municipal security issued by 1 of the municipalities.

**History:** 2001, Act 34, Eff. Mar. 1, 2002;—Am. 2002, Act 541, Imd. Eff. July 26, 2002.